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C O N F I D E N T I A L QUITO 001394

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TAGS: [PGOV](#) [PREL](#) [EC](#)

SUBJECT: CANDIDATE CORREA OPEN TO DIALOGUE

Classified By: PolChief Erik Hall for reasons 1.4 (b&d)

¶1. (C) Summary: The Ambassador met on June 6 with Rafael Correa, the controversial former finance minister and leftist presidential candidate. While noting disagreement in several areas of USG interest, the meeting was cordial, with the candidate generally perceived as Chavez' likely favorite emphasizing his willingness to maintain a dialogue with us. Though registering relatively low in early polls, Correa remains a candidate to watch, and could appeal to undecided voters, who remain the majority. End Summary.

¶2. (SBU) The meeting came at our request, and was held at the Ambassador's residence. Correa was accompanied by Carlos Vallejo, a senior advisor and four-term congressman. Vallejo, a former President of Congress ('93-94) for the Popular Democracy Party (DP) and minister of agriculture in Ecuador's first government after the return to democracy in 1979, left the DP in 1996. Returning to congress in 2002 with PRIAN support, Vallejo resigned in April 2005 after differences with party chief Alvaro Noboa.

¶3. (SBU) Correa resigned as President Palacio's first Economy and Finance Minister in August after courting Chavez' financial support, and launched his bid for the presidency earlier this year at the head of the Sovereign and Proud Nation Movement ("Patria Altiva y Soberana"). Brash and charismatic, Correa is currently in fourth place in the polls, with 7-8% support. Most voters (approximately 70% by one poll) are still undecided, however, and the charismatic Correa could attract much of the anti-system vote of the disaffected majority.

¶4. (C) On June 4, Correa won the backing of the Socialist party, which currently holds five seats in the 100-member Congress. Correa has recently been emphasizing his strong Catholicism, perhaps in an attempt to reposition himself as a Christian Democratic Socialist. Correa has also been seeking support from the main indigenous movement (CONAIE), but they have chosen to support their own president, Luis Macas, as their candidate. But on June 5, Macas invited Correa to compete with him for the support of a unified leftist grouping with the candidate to be determined by a primary, re-opening the possibility of indigenous support for Correa.

¶5. (C) Vallejo told the press Macas' offer had come too late; to the Ambassador Correa joked that he would participate in a primary if it could be organized in three days. Vallejo confided before the meeting to PolChief that he disagreed with Correa's intent on forming an alliance and naming an indigenous running-mate, which could cost votes from the coast. The far-left Popular Democracy Movement (MPD), meanwhile, rejected any alliance with Correa, who they

do not consider to be a "true leftist."

Setting the Tone

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¶6. (C) The Ambassador opened by emphasizing mutual interests. We want to help Ecuador improve living and working conditions for its most important resource, the Ecuadorian people. We are open to dialogue with all serious presidential candidates, including Correa.

¶7. (C) Correa told the Ambassador that he flew in to Quito especially for this meeting. He seemed eager to set the Ambassador at ease by refuting his provocative anti-American reputation, blaming the media for distortion of his beliefs. "My beliefs and policies are not anti-American, or anti-anything, only pro-Ecuador." Detractors in the elite-controlled media had distorted those beliefs by linking him to Chavez. Repeatedly referring to his advanced studies in the U.S. (at the University of Illinois for his Masters and Ph.D. degrees in economics), Correa said he came to respect and appreciate American society, particularly its social equality and informality, which he contrasted favorably with European society. (Correa met his Belgian wife, whom he shields from the spotlight along with his three children, while studying at Lovaina University.)

¶8. (C) His goals in Ecuador are shaped by his experiences abroad, he said, asserting that "if you Anglo-Saxons were faced with living with the reality of Ecuador, I'd bet you would be more radical than I in demanding change." At several points in the meeting he used his English (somewhat tentatively for a PhD) and said that despite policy disagreements, he wished to maintain an open and cordial dialogue with us.

Economic Differences: Agree to Disagree

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¶9. (C) Correa clearly felt obliged to acknowledge differences stemming from his performance as finance minister. He and Vallejo did so by blaming Ecuador's corrupt bankers. While minister, he said, Correa perceived USG pressure and resistance to his efforts to solicit alternate sources of financing, especially from the Government of Venezuela. The need arose, he claimed, after Ecuador's creditors, many of them Ecuadorian bankers, refused to discuss renegotiating GOE debt, and IFIs refused to extend scheduled credits. Far from seeking an exclusive relationship with Chavez, he pursued others--the governments of China and other South American nations among them.

¶10. (C) In the most confrontational part of the meeting, Correa and Vallejo disagreed with the USG view by bluntly asserting that Occidental Petroleum had violated Ecuadorian law, and the dispute was not a bilateral issue but between a state and a private company. ATPDEA benefits should not be affected by this dispute, Correa said, since those benefits are derived from GOE support to Plan Colombia and the fight against narco-trafficking, as symbolized by the Manta FOL agreement. Correa let Vallejo take the lead on the issue of an FTA with the U.S.; Vallejo claimed he was not opposed in principle, once Ecuador had time to prepare for international competition. Correa noted Democratic Party opposition to the FTA in the U.S. Congress, and claimed the FTA would cause job losses in Ecuador.

¶11. (C) True to his reputation for arrogance, Correa repeatedly mentioned his academic credentials when discussing economic themes, insisting "I know what I'm talking about." Recognizing that Ecuador needed more funds for social investments, he had eliminated a mandatory debt repayment fund. But he opposed Congress' populist raid on social security funds, led by PSC leader Leon Febres Cordero.

¶12. (C) Asked what reforms he considers necessary to address entrenched inequities in Ecuador, and how he would govern Ecuador's highly fractured political system, Correa laid out a strategy he characterized as democratic. "First, we must win power (through the voting booths). Then we need to convoke a constituent assembly to change how Congress is selected. What is needed is to elect representatives by district, as you do in the United States." Congress should act to de-politicize the electoral commission and the courts, using more transparent processes to select better qualified judges. He cited the passage of the debt fund law (FEIREP), which he achieved as minister despite Palacio's lack of support in Congress, as evidence of his personal leadership. With such superior leadership, he would convince the next Congress to act on these reforms.

Comment

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¶13. (C) This initial encounter was useful in opening a channel of communication with a dark horse presidential contender who, if elected, could dramatically affect USG interests. To ensure that the channel remains open, we purposely let Correa vent freely and muted our reaction to preserve the positive atmosphere. We also saw signs of reciprocation from Correa. When airing his views on Oxy and ATPDEA, Correa seemed dutiful, apparently not wishing to sacrifice dialogue to debate. We will seek to maintain the dialogue throughout the campaign period, to maximize USG influence, with increasing frankness as we develop trust.

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